
AVON PRODUCTS HOLDING LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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AVON PRODUCTS HOLDING LIMITED

COMPANY INFORMATION

Director	M Passingham
Registered number	07189710
Registered office	Nunn Mills Road Northampton Northamptonshire NN1 5PA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes Buckinghamshire MK9 2DF

AVON PRODUCTS HOLDING LIMITED

CONTENTS

	Page
Director's Report	1 - 3
Independent Auditors' Report	4 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 15

AVON PRODUCTS HOLDING LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents his report and the financial statements for the year ended 31 December 2017.

Principal activity

The company provides finance to other Avon entities in the group. Avon Products Holding Limited is a private company limited by shares, and is incorporated and domiciled in England. The registered office is Nunn Mills Road, Northampton, Northamptonshire, NN1 5PA.

Business review

Given the straightforward nature of the business an analysis using key performance indicators or indication of key business risks is not necessary for an understanding of the development, performance or position of the company.

The director considers that the year end financial position and level of business are satisfactory.

Results and dividends

The profit for the year, after taxation, amounted to £231,986 (2016 - £180,360).

During the year a dividend of £15,000,000 was approved by the Director and paid (2016: nil).

Directors

The directors who served during the year and up to the date of signing this report were:

A Judge (resigned 30 April 2018)

M Passingham (appointed 5 July 2018)

Political and Charitable contributions

The company made no political or charitable contributions during the year (2016: nil).

Principal risks and uncertainties

Due to the nature of the company's operations, it is not exposed to a wide range of risks and uncertainty. The company has significant interest bearing intercompany debtors, and so is exposed to the risks of interest rates changing, reducing interest income. Since the risk is a reduction in income, interest rates are at historically low levels, and the Company is profitable, the directors consider the overall risk to be low, and address it through monitoring activities only.

Qualifying third party indemnity provisions

During the year and at the date of signing the director of the company has been provided with director's third party indemnity insurance.

Strategic report

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

AVON PRODUCTS HOLDING LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

AVON PRODUCTS HOLDING LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 28 September 2018 and signed on its behalf.



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M Passingham
Director

AVON PRODUCTS HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON PRODUCTS HOLDING LIMITED

Independent auditors' report to the members of Avon Products Holding Limited

Report on the audit of the financial statements

Opinion

In our opinion, Avon Products Holding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Director's Report and Financial Statements ("Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

AVON PRODUCTS HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON PRODUCTS HOLDING LIMITED

With respect to the Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Director's Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Director's responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

AVON PRODUCTS HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON PRODUCTS HOLDING LIMITED

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Daniel Brew (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

28 September 2018

AVON PRODUCTS HOLDING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Administrative income/(expenses)		38,654	(92,339)
Exceptional operating income - sale of fixed asset investment	3	-	8,384
Operating profit/(loss)	4	38,654	(83,955)
Interest receivable and similar income	7	193,332	264,315
Profit before tax		231,986	180,360
Tax on profit	8	-	-
Profit for the financial year		231,986	180,360

The notes on pages 10 to 15 form part of these financial statements.

AVON PRODUCTS HOLDING LIMITED
REGISTERED NUMBER: 07189710

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Current assets			
Debtors	9	42,030,697	54,737,366
Cash at bank and in hand		555,946	2,656,105
		<u>42,586,643</u>	<u>57,393,471</u>
Creditors: amounts falling due within one year	10	(489,238)	(528,052)
Net current assets		<u>42,097,405</u>	<u>56,865,419</u>
Total assets less current liabilities		<u>42,097,405</u>	<u>56,865,419</u>
Net assets		<u><u>42,097,405</u></u>	<u><u>56,865,419</u></u>
Capital and reserves			
Called up share capital	11	40,000,000	40,000,000
Profit and loss account		2,097,405	16,865,419
Total Equity		<u><u>42,097,405</u></u>	<u><u>56,865,419</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2018.


M Passingham
Director

The notes on pages 10 to 15 form part of these financial statements.

AVON PRODUCTS HOLDING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	40,000,000	16,685,059	56,685,059
Comprehensive income for the financial year			
Profit for the financial year	-	180,360	180,360
Total comprehensive income for the financial year	-	180,360	180,360
At 31 December 2016 and 1 January 2017	40,000,000	16,865,419	56,865,419
Comprehensive income for the financial year			
Profit for the financial year	-	231,986	231,986
Total comprehensive income for the financial year	-	231,986	231,986
Dividends: Equity capital	-	(15,000,000)	(15,000,000)
At 31 December 2017	40,000,000	2,097,405	42,097,405

The notes on pages 10 to 15 form part of these financial statements.

AVON PRODUCTS HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Accounting policies have been consistently applied to all years presented, unless otherwise stated.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

1.2 Going concern

The financial statements have been prepared under the going concern convention.

1.3 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Transactions in foreign currencies are initially recorded in Avon Products Holding Limited's functional currency (GBP) by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. All differences are taken to statement of comprehensive income.

1.5 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

AVON PRODUCTS HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.6 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

AVON PRODUCTS HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The company's directors believe that no significant sources of estimation uncertainty affect these financial statements.

3. Exceptional operating income - sale of fixed asset investment

	2017 £	2016 £
Exceptional operating income - sale of fixed asset investment	-	(8,384)
	<u>-</u>	<u>(8,384)</u>

On 9 July 2015 Avon Products Holding Limited sold its investment in Liz Earle Beauty Co. Limited for £141,128,217. This sale also included the holding in Liz Earle Beauty Co. (International) Limited. This resulted in a profit on sale of £26,580,276. Due to a working capital adjustment in the prior year an amount of £8,384 was recognised as additional income.

4. Operating profit/(loss)

The operating profit/(loss) is stated after (crediting)/charging:

	2017 £	2016 £
Exchange differences	(43,814)	87,699
Services provided by the company's auditors - fees payable for the audit	5,000	5,000
	<u>5,000</u>	<u>87,699</u>

5. Employees

The Company has no employees (2016: none) and therefore no staff costs (2016: £nil).

6. Director's remuneration

The Director received no emoluments from the company for their services as directors, nor did he receive any emoluments from any other party specifically for his services as director of Avon Products Holding Limited (2016: none). It is not possible to make an accurate apportionment of the director's emoluments received from other group companies in respect of his services to Avon Products Holding Limited. Accordingly these financial statements include no emoluments for the director.

AVON PRODUCTS HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Interest receivable and similar income

	2017 £	2016 £
Interest receivable from group undertakings	193,332	264,315
	<u>193,332</u>	<u>264,315</u>

8. Tax on profit

Factors affecting tax charge for the financial year

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	231,986	180,360
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	44,657	36,072
Effects of:		
Income not taxable for tax purposes	-	(1,678)
Unrecognised deferred tax on carried forward losses	(39,446)	(29,235)
Remeasurement of deferred tax - change in UK tax rate	(5,211)	(5,159)
Total tax charge for the year	<u>-</u>	<u>-</u>

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the timing differences can be utilised. Deferred tax assets have not been recognised in respect of certain tax losses amount to £586,800 (2016: £626,246) since it is not envisaged that such profits will be available in the foreseeable future.

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

AVON PRODUCTS HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	42,030,697	54,737,366
	<u>42,030,697</u>	<u>54,737,366</u>

Amounts owed by group undertakings relates to an unsecured, interest bearing intercompany loan with Avon UK Holdings Limited as at 31 December 2017 for £42,030,697 (2016: £54,737,366). Interest is charged on the loan at an amount that is agreed by the two entities on a monthly basis. The average daily rate for the year was 0.39% (2016: 0.58%). Under the terms of the loan agreement repayment was due on 20 March 2018. However this loan agreement has been extended to July 2020 and will continue to be reviewed on a periodic basis.

10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	483,738	500,142
Accruals and deferred income	5,500	27,910
	<u>489,238</u>	<u>528,052</u>

Amounts owed to group undertakings represents intercompany balances of £315,622 (2016: £345,929) due to Avon (Windsor) Limited, £27,410 (2016: nil) due to Avon Cosmetics Limited, and £140,706 (2016: £154,212) due to Avon Products Inc., which are interest free, unsecured and repayable on demand.

11. Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid		
40,000,000 Ordinary shares of £1 each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>

2016: Alloted, issued and fully paid 40,000,000

12. Contingent liabilities

The company had no financial commitments at 31 December 2017 (2016: none).

AVON PRODUCTS HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

14. Controlling Party

The immediate parent undertaking is Avon Cosmetics Limited, which is registered in England. The financial statements of the company have not been consolidated as the company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by consolidation of its ultimate parent, Avon Products Inc.

The ultimate parent company and controlling party is Avon Products Inc., which is incorporated in New York State, United States of America. The consolidated financial statements of Avon Products Inc., the parent undertaking of the largest and only group to incorporate these financial statements, are available on application from group headquarters at Building 6, Chiswick Park, London W4 5HR.